

APPENDIX A2.3

ILLUSTRATIVE PROGRAM SPECIFIC AUDIT

SCHOOL NUTRITION PROGRAM

**SPONSOR OF SCHOOL FOOD AUTHORITY
(FIXED PERCENTAGE METHOD)**

**XYZ CHILD DEVELOPMENT, INC.
SCHOOL NUTRITION PROGRAM**

FISCAL YEAR ENDED JUNE 30, 2000

Program-Specific Examination

**XYZ Child Development, Inc.
School Nutrition Program
Fiscal Year Ended June 30, 2000**

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XYZ Child Development, Inc.
School Nutrition Program
GENERAL INFORMATION

June 30, 2000

1. Full official name of the agency XYZ Child Development, Inc.
2. Program name and agreement number:

California Department of Education, School Nutrition Program,
Agreement No.XX-XXXXX-XXXXXXX-XX
3. Type and Description of agency Tax-exempt, Nonprofit corporation
providing educational programs for the care of children outside their homes.
4. Address of agency headquarters1000 N. Main Street
Smalltown, CA 9xxxx
5. Names and address of Executive Director
and name of Chief Executive Officer, Business
Officer, or Accountant

Executive Director Gina Anonymous
2000 S. Child Drive
Smalltown, CA 9xxxx

Business Officer Joe McNice
6. Telephone number(916) 555-1212
7. Period covered by examination July 1, 1999 through June 30, 2000
8. Number of days of agency operation 250 days
9. Scheduled hours of operation each day 7:00 a.m to 6:00 p.m

Auditor's Letterhead

Independent Auditor's Report

Board of Directors
XYZ Child Development, Inc.

We have audited the accompanying statement of claims for reimbursement submitted by **XYZ Child Development, Inc.** under the School Nutrition Program (SNP) (Sponsor Agreement No. xx-xxxxx-xxxxxxx-xx) as summarized in the Statement of Claim for the period from July 1, 1999 through June 30, 2000.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Claim is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Claim. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the Statement of Claim. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned claims present fairly, in all material respects, the number of meals and/or supplements eligible for SNP reimbursement for the period July 1, 1999 through June 30, 2000.

In accordance with *Government Auditing Standards*, we have also issued our report dated September XX, 2000, on our consideration of **XYZ Child Development, Inc.'s** internal control over financial reporting and our tests of SNP compliance with certain provisions of laws, regulations, contracts and grants.

Bean, Bean & Counter
Certified Public Accountants

September XX, 2000

XYZ Child Development, Inc.

STATEMENT OF CLAIM

Agreement No.: xx-xxxxx-xxxxxxx-xx
 19X9 School Nutrition Program
 For the Period July 1, 1999 to June 30, 2000

<u>School Nutrition Program:</u>	<u>Breakfast Program</u>	<u>Lunch Program</u>	<u>Milk Program</u>
	\$	\$	\$
Reimbursement Per Audit (Supported by Exhibits A to C)	320,557	651,724	11,395
Program Reimbursements Claims and Received	<u>368,500</u>	<u>716,924</u>	<u>13,105</u>
School Nutrition Program: Amount Due To (From) Sponsor	<u>(47,943)</u>	<u>(65,200)</u>	<u>(1,710)</u>
<u>State Meal Compensation:</u>			
Reimbursement Per Audit (Supported by Exhibits A to C)	36,214	45,081	
Program Reimbursements Claims and Received	<u>40,004</u>	<u>51,782</u>	
State Meal Compensation: Amount Due To (From) Sponsor	<u>(3,790)</u>	<u>(6,701)</u>	
Amount Due From Sponsor(overpayment):			<u>\$(125,314)</u>
Amount Due To Sponsor, underpayment			<u>\$ 0</u>

Footnotes:

Should also include income that accrued to the program.

A footnote should reflect if the SNP claims for reimbursement have been paid or not.

Should also include revised claims.

Auditor's Letterhead

Independent Auditor' s Report on Supplementary Information -

Board of Directors
XYZ Child Development, Inc.

We have audited the accompanying statement of claims for reimbursement submitted by **XYZ Child Development, Inc.** under the School Nutrition Program (SNP) (Sponsor Agreement No. xx-xxxxx-xxxxxxx-xx) as summarized in the Statement of Claim for the period from July 1, 1999 through June 30, 2000, and have issued our report dated September XX, 2000.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Claim is free from material misstatement. An audit includes examining , on a test basis, evidence supporting the amounts and disclosures in the Statement of Claim. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the Statement of Claim. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the aforementioned SNP claims of **XYZ Child Development, Inc.** taken as a whole. The accompanying supplementary information in Exhibits A through D is presented on pages A2.3-5 through A2.3-8 for purposes of additional analysis and is not a required part of the Statement of Claim. The information in those exhibits has been subjected to the examination procedures applied in the examination of the Statement of Claim and, in our opinion, is fairly stated in all material respects, in relation to the snP claims for reimbursement as summarized in the Statement of Claim taken as a whole.

Bean, Bean & Counter
Certified Public Accountants

September XX, 2000

XYZ Child Development, Inc.
SCHOOL NUTRITION PROGRAM

**Schedule of Reported, Adjusted and Allowed Meals
and Earned Reimbursement**

Agreement No.: xx-xxxxx-xxxxxxx-xx
For the Period July 1, 1999 to June 30, 2000

	<u>Reported</u>	<u>Adjusted*</u>	<u>Allowed</u>	<u>Rate</u> \$	<u>Total</u> \$
<u>Breakfast Program:</u>					
Base Meals	51,700	(6,360)	45,340	.2100	9,521
Reduced Price(1)	39,340	(5,520)	33,820	.7900	26,718
Free(2)	<u>317,000</u>	<u>(56,160)</u>	<u>260,840</u>	1.0900	<u>284,316</u>
Subtotal:	<u>408,040</u>	<u>(68,040)</u>	<u>340,000</u>		<u>\$320,555</u>
		Rounding Adjustment			<u>\$ 2</u>
BREAKFAST PROGRAM TOTAL - (To Statement of Claim)					<u>\$320,557</u>
<u>Lunch Program:</u>					
Section 4					
Base Meals	59,600	(6,410)	53,190	.2100	11,170
Section 11					
Reduced Price	44,900	(4,815)	40,085	1.3900	55,718
Free	<u>366,000</u>	<u>(39,275)</u>	<u>326,725</u>	1.7900	<u>584,838</u>
Subtotal:	<u>470,500</u>	<u>(50,500)</u>	<u>420,000</u>		<u>\$651,726</u>
		Rounding Adjustment			<u>\$ (2)</u>
LUNCH PROGRAM TOTAL - (To Statement of Claim)					<u>\$651,724</u>
<u>Milk Program:</u>					
Free Meals(3)	81,750	(7,470)	74,280	.1170	8,691
Base Meals	<u>23,350</u>	<u>(2,130)</u>	<u>21,220</u>	.1275	<u>2,706</u>
Subtotal:	<u>105,100</u>	<u>(9,600)</u>	<u>95,500</u>		<u>\$ 11,397</u>
		Rounding Adjustment			<u>\$ (2)</u>
MILK PROGRAM TOTAL - (To Statement of Claim)					<u>\$ 11,395</u>
<u>State Meal Compensation:</u>					
Free and Reduced Price Meals:					
Breakfast Program	356,340	(61,680)	294,660	.1229	36,214
Lunch Program	<u>410,900</u>	<u>(44,090)</u>	<u>366,810</u>	.1229	<u>45,081</u>
Subtotal:	<u>767,240</u>	<u>(105,770)</u>	<u>661,470</u>		<u>\$ 81,295</u>
		Rounding Adjustment			<u>\$ (2)</u>
STATE MEAL COMPENSATION TOTAL - (To Statement of Claim)					<u>\$ 81,293</u>

Footnotes:

*Adjustments are the result of: (1) eligibility category changes; (2) enrollment errors; (3) meal count errors
(4) meals served in excess of site licensed capacity.

(1) - Rate includes:	Regular	\$ 0.2100	(2) - Rate includes:	Regular	\$ 0.2100
	Supplement	<u>0.5800</u>		Supplement	<u>0.8800</u>
		<u>\$ 0.7900</u>			<u>\$ 1.0900</u>

(3) - Average cost per half pint

XYZ Child Development, Inc.
SCHOOL NUTRITION PROGRAM

Schedule of Reported, Adjusted, and Allowed Enrollment

Agreement No.: XX-XXXXXX-XXXXXXXX-XX
For the Period July 1, 1999 to June 30, 2000

FIXED PERCENTAGE METHOD

<u>Enrollment</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>
Total												
Reported	1475	1597	1657	1657	1637	1697	1825	1825	1825	1855	1917	1927
Adjusted	0	0	0	0	0	(250)	0	0	0	0	(317)	0
Allowed	1475	1597	1657	1657	1637	1447	1825	1825	1825	1855	1600	1927
Free												
Reported	1167	1243	1296	1296	1288	1347	1415	1415	1415	1437	1491	1499
Adjusted	0	0	0	0	0	(216)	0	0	0	0	(252)	0
Allowed	1167	1243	1296	1296	1288	1131	1415	1415	1415	1437	1239	1499
Reduced												
Reported	156	171	171	171	161	162	181	181	181	185	193	195
Adjusted	0	0	0	0	0	(13)	0	0	0	0	(33)	0
Allowed	156	171	171	171	161	149	181	181	181	185	160	195
Base												
Reported	152	183	190	190	188	188	229	229	229	233	233	233
Adjusted	0	0	0	0	0	(12)	0	0	0	0	(32)	0
Allowed	152	183	190	190	188	167	229	229	229	233	201	233

XYZ Child Development, Inc.
SCHOOL NUTRITION PROGRAM

Statement of Monetary Claims and Questioned Costs

Agreement No.: xx-xxxxx-xxxxxxxx-xx
For the Period July 1, 1999 to June 30, 2000

<u>Detail No.:</u>	<u>Description of Exception</u>	<u>Amount</u>
1	Finding 00-1	\$
2	Finding 00-3	\$
3		
4		
Total to be Collected from Sponsor/Reimbursed to Sponsor:		_____
		\$_____:

XYZ Child Development, Inc.
Notes to the Schedules
Agreement No.: xx-xxxx-x-A

2000 Child and Adult Care Food Program

NOTE 1: GENERAL INFORMATION

XYZ Child Development, Inc.(the Agency) was incorporated as a non-profit corporation in 1967 to provide educational programs for the care of children outside their homes. The Agency has been granted tax-exempt status by the Internal Revenue Service under Section 501©(3) and California Franchise Tax Board under Section 23701(d). The Agency is funded by the California Department of Education (CDE) and County Head Start Program. Also, the Agency receives funds from private donations and nonsubsidized child care fees. This report includes an opinion only on the activity of the SNP program. The source of funding for the SNP program is the United States Department of Agriculture and CDE. The children served are in both the Head Start and CDE's Child Development Program.

NOTE 2: CLAIM PREPARATION

Fixed Percentage Claiming Method:

The Fixed Percentage Claiming Method requires each Agency to accurately categorize and report the enrollment data by eligibility category (i.e. free, reduced-price and base) at least one time of the fiscal year. The percentages established become the Agency's "fixed" percentage for the fiscal year. Meals claimed are reimbursed based on the calculated fixed percentages for each category. The fixed percentages remain in effect for the entire fiscal year unless the Agency chooses to submit new enrollment data in order to adjust the percentages and maximize reimbursement. However, an agency must submit new enrollment data during the year if (1) the agency adds a new site, (2) the average daily participation for the claim month exceeds the total enrollment previously reported, or (3) to correct a reporting error.

The percentage for each category becomes the Agency's "fixed" percentage used to determine reimbursement for the fiscal year. Meals claimed are reimbursed based on the calculated "fixed" percentages for each category. The percentages may be adjusted by the Agency to either accurately categorize or submit new enrollment data into free, reduced price, and base rate in order to maximize reimbursement should new facilities be added or others deleted.

While preparing their SNP claims in December 1999 and May 2000, the Agency discovered that material changes in the children enrolled had occurred and that adjustments to the enrollment percentages were necessary.

Auditor's Letterhead

**Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of the Statement of Claim Performed in
Accordance With Government Auditing Standards**

Board of Directors
XYZ Child Development, Inc.

We have audited the accompanying statement of claims for reimbursement submitted by **XYZ Child Development, Inc.** under the School Nutrition Program (SNP) (Sponsor Agreement No. xx-xxxxx-xxxxxxx-xx) as summarized in the Statement of Claim for the period from July 1, 1999 through June 30, 2000 and have issued our report thereon dated September XX, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the **XYZ Child Development, Inc.'s** statement of SNP claims for reimbursement as summarized in the Statement of Claim is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of material noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as items, 00-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **XYZ Child Development, Inc.'s** internal control over financial reporting in order to determine our audit procedures for the purpose of expressing our opinion on the Statement of Claim and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect **XYZ Child Development, Inc.'s** ability to record, process, summarize and report financial data consistent with the assertions of management in the Statement of Claim. A reportable condition is described in the accompanying schedule of findings and questioned costs as item, 00-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Statement of Claim being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting and compliance that we have reported to management of **XYZ Child Development, Inc.** in a separate letter dated September XX, 2000.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Bean, Bean & Counter
Certified Public Accountants

September XX, 2000

Auditor's Letterhead

**Report on Compliance With Requirements Applicable
to the Federal Program and on Internal Control Over Compliance and
Financial Reporting in Accordance With the Program-Specific Audit Option
Under OMB Circular A-133**

Board of Directors
XYZ Child Development, Inc.

Compliance

We have audited the compliance of **XYZ Child Development, Inc.** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to the School Nutrition Program (SNP) included in the accompanying statement of claims for reimbursement submitted by the Sponsor in Agreement No. xx-xxxxx-xxxxxxx-xx as summarized in the Statement of Claim(Sponsor Agreement No. xx-xxxxx-xxxxxxx-xx) for the year ended June 30, 2000. Compliance with requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of **XYZ Child Development, Inc.'s** management. Our responsibility is to express an opinion on **XYZ Child Development, Inc.'s** compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the SNP occurred. An audit includes testing evidence about **XYZ Child Development, Inc.'s** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **XYZ Child Development, Inc.'s** compliance with those requirements

In our opinion, **XYZ Child Development, Inc.** complied, in all material respects, with the requirements referred to above that are applicable to its SNP for the year ended June 30, 2000. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings, and Questioned Costs as item 00-3.

Internal Control Over Compliance

The management of **XYZ Child Development, Inc.** is responsible for establishing and maintaining effective control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **XYZ Child Development, Inc.'s** internal control over compliance with requirements that could have a direct and material effect on its SNP in order to determine our audit procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect **XYZ Child Development, Inc.'s** ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 00-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above is considered to be a material weakness.

We have also identified immaterial instances of noncompliance and internal control weaknesses that we have reported to the management of **XYZ Child Development, Inc.** in a separate letter dated September XX, 2000.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Bean, Bean & Counter
Certified Public Accountants

September XX, 2000

XYZ Child Development, Inc.
Schedule of Findings, Questioned Costs and Recommendations

Year Ended June 30, 2000

A. Summary of Auditor's Results

I. Statement of Claim Audit

1. The Independent Auditor's Report on the Statement of Claim of XYZ Child Development, Inc. expressed an unqualified opinion.
2. Internal Control over Financial Reporting:
 - a. Reportable conditions were disclosed in the audit of the Statement of Claim.
 - b. One of the reportable conditions, in 2a above, was considered to be a material weakness.
 - c. Non-compliance was disclosed and is material to the Statement of Claim.

II. Federal Award Audit

The USDA School Nutrition Program is a nutrition cluster program, consisting of: (1) School Breakfast Program(SBP), CFDA number 10.553; (2) National School Lunch Program(NSLP), CFDA number 10.555; and Special Milk Program for Children, CFDA number, 10.556, passed-through CDE's Nutrition Services Division, is considered a major program as a result of II.3 below.

1. Internal Controls Over Major Programs:
 - a. One material weaknesses was disclosed in the examination of the federal award.
2. Two audit findings are reported in B.II, Findings and Questioned Costs, in accordance with OMB Circular A-133, Section 510(a).
3. XYZ Child Development, Inc. did not qualify as a low-risk auditee under OMB Circular A- 133, section 530.

XYZ Child Development, Inc.
Schedule of Findings, Questioned Costs and Recommendations

Year Ended June 30, 2000

B. Findings and Questioned Costs:

I. Statement of Claim Audit

Questioned
Cost

Reportable Conditions

Finding 00-1

\$

Condition: Our test of the

We believe that this reportable condition is a material weakness. An adjustment of \$ was made to the Statement of Claim.

Criteria: USDA regulation, ,

Cause: Lack of proper

Effect: \$

Recommendation: Implement procedures to

Response: Management

Finding 00-2

\$

Condition: Our test of ...

We do not believe that this reportable condition is a material weakness.

Criteria: USDA regulation, , states that

Cause: Lack of proper management oversight.

Effect: \$

Recommendation: Implement procedures to

XYZ Child Development, Inc.
Schedule of Findings, Questioned Costs and Recommendations

Year Ended June 30, 2000

B. Findings and Questioned Costs (continued):

II. Federal Award Program Audit

Questioned
Cost :

Finding 00-3 Eligibility

\$

Condition: During our review of the eligibility records of the ...

We believe that this condition is a material weakness and a financial adjustment of \$ was necessary.

Criteria: USDA regulation, , states that

Cause: Inadequate

Effect: Population of , or %. This represents \$

Recommendation: Periodic reviews should be made of the center's attendance records to ensure proper eligibility records for the

Response: Management has implemented periodic review procedures for all key staff.

Finding 00-4

\$

Material Weakness

Condition: Our review of the ...

We believe that this condition is a material weakness. No financial adjustment was necessary.

Criteria: USDA regulation, , states that the sponsor

Cause:

Effect:

Recommendation: Implement improved

Response: Management has implemented improved

XYZ Child Development, Inc.
Schedule of Findings, Questioned Costs and Recommendations

Year Ended June 30, 2000

C. Status of Prior Year Findings:

Questioned
Cost :

I. Statement of Claim Audit:

Reportable Conditions

19X9 - Finding 1:

\$

Condition: Our inspection of the
We do not believe that this reportable condition is a material weakness.

Criteria: USDA regulation, ,

Cause: Lack of

Effect: A total of \$

Recommendation: Implement procedures to monitor

Response: The recommendation was implemented by management in November 19X9. No similar findings were noted in the 19X9 audit.

II. Major Federal Award Programs Audit

Material Weaknesses

19X9 – None

\$ None

XYZ Child Development, Inc.
Management Letter

Year Ended June 30, 2000

Board of Directors
XYZ Child Development, Inc.

In planning and performing our audit of the statement of claims for reimbursement submitted by **XYZ Child Development, Inc.** under the School Nutrition Program (SNP) (Sponsor Agreement No. xx-xxxxx-xxxxxxx-xx) as summarized in the Statement of Claim as of, and for the year ended, June 30, 2000 , we considered its internal controls and affect on compliance in order to determine our audit procedures for the purpose of expressing our opinion on the aforementioned claims and to provide assurance on its accounting and management controls. However, we noted certain matters involving the internal controls of **XYZ Child Development, Inc.** and its operation that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants, and nonmaterial instances of noncompliance under OMB Circular A-133, *Compliance Supplement* for audits of this program. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design and operation of the internal accounting and management controls, that in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the statement of SNP claims for reimbursement.

The nonmaterial instances of noncompliance and internal control weaknesses are described as follows:

1.

2.

The information contained in this report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Bean, Bean & Counter
Certified Public Accountants

September XX, 2000

